

## I. Introduction

I'm going to read a list of words and phrases. If you have heard the word before and know what it means, raise your hand, and keep it raised until you hear a word you have never heard of.

Telephone, water, electricity, natural gas, utility bill (so far we're doing pretty well. Looks like you know at least as much as I knew about utility service when I started working for the PSC -- let's keep going). Broadband, kilowatt hour, Mcf, Slamming, cramming, grid-napping, RTO, POTS service, interconnection, ADSL, USF, GCA, PBR, Earnings Sharing Mechanism. Some of you are starting to fall off!

That is a small taste of my first day at the PSC. The industries we regulate are complex beasts. Trying to find your way through a single sentence can sometimes be grueling. But the complexity of our industries is exactly what makes them fun, and I would like to thank you for the invitation to speak to you today about the Public Service Commission, because it's a fun place to be, and I think it's fun to talk about it.

What I want to do today is help take some of the mystery out of the PSC for those of you who have never had, or have had limited experience with our agency. I'm going to tell you everything you always wanted to know about the PSC but were afraid to ask. I want to go through, very simply, who we are, what we do, and how we do it.

- B. Thanks for the invitation
- C. Going to tell you everything you ever wanted to know about the PSC but were afraid to ask.
  - 1. Who we are.
  - 2. What we do.
  - 3. How we do it.

## II. Who we are.

- A. State agency that regulates utility services.
  - 1. Three Commissioners
  - 2. Staggered, four year terms, appointed by Governor
- B. We ensure safe, adequate, reliable service at fair, just, and reasonable rates.
- C. We regulate five utility industries.
  - 1. Telecommunications
  - 2. Natural Gas
  - 3. Electricity
  - 4. Water
  - 5. Sewer
- D. Our Staff

1. Engineering
2. Financial Analysis
3. Legal
4. Consumer Services
5. Research
6. Filings

E. We decide all kinds of cases:

1. Rate cases
2. Safety Investigations
3. Utility complaints
4. Construction of facilities
5. Mergers and acquisitions
6. Pilot programs for new forms of regulation as marketplaces change.

I. What we do.

A. Telecommunications

1. Interconnections - decide how competitors enter the telecommunications market to compete with traditional telecommunication carriers.
2. **Slamming** - monitor unfair business practices, fine companies who violate the rules.
3. **Area Code** issues (two splits in two years)
4. 271 Process - will determine how competitive our telecommunications market is in Kentucky. If a Bell company can demonstrate they have opened their markets, they can apply for permission from the FCC to compete in the long distance market in their area.

B. Natural Gas

1. Natural Gas Prices - **Adm 384 investigation**, Consumer Education
2. Customer Choice - Columbia Gas pilot program gives customers a choice of supplier.

C. Electricity

1. Mergers dominating the last several years (LG&E/KU, LG&E/Powergen, LG&E/E.On)
2. Discussions of electric restructuring nationwide - PSC monitoring.
3. Rate Cases - PBR proceeding in 1999 - granted LG&E a form of alternative regulation giving them efficiency incentives, with a mechanism that allows them flexibility, and sharing savings with customers.
4. **Adequacy of supply issue**, made famous by California, being monitored by our Commission. Partnership with Gov's office.

D. Water

1. Rate Case assistance to small water utilities.
2. Training seminars for small utilities, county judges, and municipal systems.
3. **Governor's initiative** - Water to all Kentuckians by 2020.

- II. How we do it.
  - A. Filings come in.
    - 1. An original and ten copies. Also experimenting with Electronic filing.
    - 2. Initial filing may come in many forms:
      - a. application for rate increase or construction
      - b. Changes to a tariff, which is a document that has prices for every service listed.
      - c. Complaint - formal or informal, by anyone from a residential consumer, or a corporate customer.
      - d. Commission can open a case on its own motion.
        - i. show cause order
        - ii. investigation into a broad situation (like gas prices or area code)
  - B. Case number is assigned, team assigned to process the case.
  - C. Parties intervene, Deficiencies cured, Procedural schedule set, data requests issued
  - D. Case may go to a hearing.
  - E. Parties submit briefs
  - F. Commission consults with staff, listens to facts and recommendations, and makes decisions.
  - G. Commission speaks through orders, which carry the weight of law.
- III. Conclusion
  - A. Review - who we are, what we do, how we do it.
  - B. Hope this has been informative for you -- thanks again for the invitation.
  - C. Any questions?

### Conclusion

That is a very quick and very broad look at the PSC and what we do. You may still not have a clue what an RTO is, but at least you may go away with a better idea of the kinds of issues our agency deals with, and hopefully an idea of how our process works in case any of you have the occasion to visit us on official business.

I hope this has been informative for you. Thank you again for the invitation to be here with you. I always enjoy an opportunity to talk about our agency. I will be happy to take questions.